

Atlas Minerals
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October 13, 1982

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Division of Oil, Gas & Mining
Utah Department of Natural
Resources & Energy
4241 State Office Building
Salt Lake City, Utah 84114

**DIVISION OF
OIL, GAS & MINING**

Attention: Ron Daniels, Deputy Director.

Gentlemen:

This responds to Mr. Tetting's letter of September 13, 1982, and the new bonding approach addressed therein. These comments are being submitted as we agreed in our meeting of September 23, 1982.

First, with regard to Mr. Tetting's letter, the Division letter which was issued to all operators the week prior to the drafting of Mr. Tetting's letter was not received by Atlas Minerals. This is mentioned because the subject letter apparently provided additional information which may have helped explain the new approach more fully.

Mr. Tetting's statement regarding the necessity of having site-specific details of reclamation cost estimates regardless of the outcome of the final policy decision is somewhat ambiguous and confusing. Reclamation cost estimates were developed and approved for twelve permitted Atlas Minerals' mines. It is not clear what is requested with regard to these mines since they have existing permits with reclamation cost estimates approved by the Division.

The remaining nine mines do need approved surety arrangements with the related reclamation cost estimate. Applications for these mines were submitted several years ago and we have responded in good faith to requests for additional information in this matter. However, we have not received official guidance on preparing site-specific reclamation cost estimates. Furthermore, it is not clear that the applicant is responsible for preparing a cost estimate.

In an effort to further demonstrate our good faith and to express our willingness to cooperate, we are prepared to develop reclamation cost estimates for the mines not subject to approved surety arrangements, and any

areas included by amendment. The estimates will be scheduled over a reasonable period of time. However, without any officially sanctioned and uniformly applied guidelines for preparing these estimates, Atlas Minerals will prepare the cost estimates according to standard engineering estimating principles commonly used in the minerals industry.

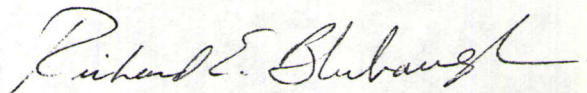
Second, with regard to the new approach discussed in our meeting of September 17, 1982, we submit the following comments:

- The administrative procedures surrounding the new approach are inconsistent with actions normally taken by the Board of Oil, Gas & Mining, and they appear to be inappropriate since the mining community did not have prior notification nor the opportunity to present comments on the proposal before the Board.
- The proposed approach of separating reclamation activities into two categories, "critical" and "noncritical (aesthetic)" and providing for two different bonding arrangements does not appear to be in the best interests of the state or the mining industry. For the state, there would seem to be potential problems with equitable application as well as increased cost of administration. For the mining industry, it presents yet another economically burdensome requirement which lacks precise definitions and unclear objectives.
- The approach, as we understand it, would be inequitably burdensome on those companies, like our own, with many small sites which existed prior to the effective date of the Mined Land Reclamation Act.
- It is our understanding that the concept originated from or because of the coal industry. Regardless of the impact on the coal industry, we think there is sufficient legislative, regulatory, and judicial history to support the argument for maintaining a distinction between the coal and noncoal mining industries. Therefore, we do not feel it is appropriate to apply a regulatory concept developed for the coal industry to the noncoal mining industry.
- Without clear definitions of "critical" and "noncritical" and standardized estimating procedures, there is little doubt that such an unproven regulatory concept would result in an inequitable application.
- There will always be some element of risk in any method adopted to assure that reclamation will be performed. The standard method used in the business and industrial community is a contract or legal and binding agreement. Considering that Atlas Corporation is willing to permit an annual review of the "balance sheet"

or Form 10-K, a simple agreement should be sufficient for the State of Utah, especially since there is no evidence of harm to the state. This is especially appropriate in this uncertain economical period when unnecessary costs cannot be tolerated by any well-managed organization.

We trust these comments are appropriate and assist in your evaluation of the new approach as presented by you and Mr. Tetting in our September 17, 1982 meeting. Please contact me at your convenience if you have any questions.

Yours very truly,



Richard E. Blubaugh
Regulatory Affairs Manager

REB:cf

cc: T. Tetting, DOGM ✓
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